

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

SECURITIES INVESTOR PROTECTION
CORPORATION,

Plaintiff-Applicant,

v.

BERNARD L. MADOFF INVESTMENT
SECURITIES LLC,

Defendant.

Adv. Pro. No. 08-01789 (SMB)

SIPA LIQUIDATION

(Substantively Consolidated)

In re:

BERNARD L. MADOFF,

Debtor.

IRVING H. PICARD, Trustee for the
Liquidation of Bernard L. Madoff Investment
Securities LLC,

Plaintiff,

v.

EDWARD BLUMENFELD, individually, and as
Trustee for SUSAN BLUMENFELD GST
TRUST, TRUST F/B/O SUSAN
BLUMENFELD, TRUST F/B/O DAVID
BLUMENFELD, and TRUST F/B/O BRAD
BLUMENFELD;

SUSAN BLUMENFELD, individually, and as
Trustee for TRUST F/B/O SUSAN
BLUMENFELD, TRUST F/B/O DAVID
BLUMENFELD, TRUST F/B/O BRAD
BLUMENFELD, DAVID BLUMENFELD
FARMINGDALE TRUST, BRAD
BLUMENFELD FARMINGDALE TRUST,
BOXWOOD REALTY GROUP, and
DOGWOOD REALTY GROUP;

Adv. Pro. No. 10-04730 (SMB)

DAVID BLUMENFELD, individually, and as Trustee for SUSAN BLUMENFELD GST TRUST, THE DAVID BLUMENFELD FAMILY TRUST, TRUST F/B/O DAVID BLUMENFELD, BOXWOOD REALTY GROUP, and DOGWOOD REALTY GROUP;

BRAD BLUMENFELD, individually, and as Trustee for SUSAN BLUMENFELD GST TRUST, THE DAVID BLUMENFELD FAMILY TRUST, TRUST F/B/O BRAD BLUMENFELD, BOXWOOD REALTY GROUP, and DOGWOOD REALTY GROUP;

HARVEY COHEN, individually, and as Trustee for EDWARD BLUMENFELD AND SUSAN BLUMENFELD CHARITABLE LEAD TRUST, EDWARD AND SUSAN BLUMENFELD 2007 CHARITABLE LEAD TRUST, and BRAD BLUMENFELD CHARITABLE LEAD TRUST;

BLUMENFELD DEVELOPMENT GROUP, LTD.; EDWARD AND SUSAN BLUMENFELD CHARITABLE LEAD TRUST; EDWARD BLUMENFELD & SUSAN BLUMENFELD 2007 CHARITABLE LEAD TRUST; TRUST F/B/O SUSAN BLUMENFELD; SUSAN BLUMENFELD GST TRUST; TRUST F/B/O DAVID BLUMENFELD; EDWARD BLUMENFELD & SUSAN BLUMENFELD, GUARDIANS FOR DAVID BLUMENFELD NY UGMA; BRAD BLUMENFELD CHARITABLE LEAD TRUST; TRUST F/B/O BRAD BLUMENFELD; EDWARD BLUMENFELD & SUSAN BLUMENFELD, GUARDIANS FOR BRAD BLUMENFELD NY UGMA; THE BRAD BLUMENFELD FAMILY FOUNDATION; THE EDWARD AND SUSAN BLUMENFELD FOUNDATION; BULL MARKET FUND; EDWARD BLUMENFELD ET AL II; DWD ASSOCIATES, LLC; BDG DWD ASSOCIATES, LLC; EDB CAPITAL, LLC; DOUBLE B SQUARED LLC; EDWARD BLUMENFELD GERALD Y MORDFIN ET

AL; DOGWOOD REALTY GROUP;
EDWARD BLUMENFELD ET AL;
LAGUARDIA CORPORATE CENTER
ASSOCIATES, L.P.; LAGUARDIA
CORPORATE CENTER ASSOCIATES, LLC;
BOXWOOD REALTY GROUP; SOUTH SEA
HOLDINGS L.P.; BDG PISCATAWAY, LLC;
BDG KINGSBRIDGE, LLC; BWI; SUSAN
BLUMENFELD INTERIORS, LTD.; BDG
CONSTRUCTION CORP.; DAVID
BLUMENFELD FARMINGDALE TRUST;
THE DAVID BLUMENFELD FAMILY
TRUST; BRAD BLUMENFELD
FARMINGDALE TRUST; 45 SOUTH
SERVICE ROAD, LLC; BCC II, LLC; BDG
COMMACK, LLC; BDG DEER PARK
ASSOCIATES, LLC; BDG LAKE GROVE I,
LLC; BDG LARKFIELD ASSOCIATES, LLC;
CHARLESTON ENTERPRISES, LLC;
DANIEL LAND CO. LLC; BDG DANIEL
STREET, LLC; GOTHAM PLAZA
ASSOCIATES, LLC; BDG 125TH STREET,
LLC; 10 MICHAEL DRIVE ASSOCIATES,
L.P.; 500 BI-COUNTY ASSOCIATES, L.P.;
ARC-BDG SETAUKET ENTERPRISE;
BLUMCO SETAUKET, LLC; COBLUM
SETAUKET, LLC; BDG 115
BROADHOLLOW, L.P.; MAXROB, L.P.; B-4
PARTNERSHIP; 125 BETHPAGE
ASSOCIATES; and BDG YAPHANK, LLC,

Defendants.

STATE OF NEW YORK)
) ss:
COUNTY OF NEW YORK)

Irving H. Picard, being duly sworn, hereby attests as follows:

1. I am the trustee for the substantively consolidated liquidation of Bernard L. Madoff Investment Securities LLC (“BLMIS”) and the estate of Bernard L. Madoff (“Madoff,” and together with BLMIS, collectively, the “Debtors”). I am familiar with the affairs of the Debtors. I respectfully submit this Affidavit in support of the motion (the “Motion”) seeking entry of an order, pursuant to section 105(a) of the United States Bankruptcy Code, 11 U.S.C. §§ 101 *et seq.*, and Rules 2002 and 9019 of the Federal Rules of Bankruptcy Procedure, approving a settlement agreement (the “Agreement”) by and among the Trustee and the Defendants.

2. I make this Affidavit based upon my own personal knowledge, or upon information that I believe to be true.

3. All capitalized terms not defined herein have the meaning ascribed to them in the Motion.

4. I believe that the terms of the Agreement fall well above the lowest point in the range of reasonableness and, accordingly, the Agreement should be approved by this Court. The settlement results in: (a) a \$32.75 million settlement payment and (b) the assignment to the Trustee of Defendants’ Customer Claims, totaling approximately \$29.3 million dollars.

5. The settlement resolves all claims against the Defendants as to the Adversary Proceeding without the need for protracted, costly, and uncertain litigation. I recognize that litigating these claims would undoubtedly be extremely complex, create significant delay, and would involve both litigation risk and difficulties associated with collection.

6. This settlement represents a good faith, complete, and total settlement between the Trustee and the Defendants as to any and all disputes between them raised in this Adversary Proceeding (including, without limitation, claims for the avoidance and/or recovery of transfers during the two-year period prior to the Filing Date, the six-year period prior to the Filing Date, and all times prior to such six-year period) and as to the Customer Claims.

7. The Agreement also greatly furthers the interests of the customers of BLMIS with allowed claims by adding, at Closing, approximately \$50 million to the Fund of Customer Property, with a potential total amount added of up to \$62,098,309.09, assuming a 100% recovery.

8. Given the potential impact of the above issues, and the complexities involved in proceeding with litigation, I have determined, in my business judgment, that the Agreement represents a fair compromise of the Avoiding Power Claims.

9. In sum, I respectfully submit that the Agreement should be approved (a) to avoid lengthy and burdensome litigation and (b) because the Agreement represents a reasonable compromise of the Avoiding Power Claims.

/s/ Irving H. Picard
IRVING H. PICARD

Sworn to before me this 17th
day of October, 2014

/s/ Sonya M. Graham
NOTARY
Notary Public, State of New York
No. 01GR6133214
Qualified in Westchester County
Commission Expires: 9/12/2017